

Message Text

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ACTION XMB-04

INFO OCT-01 NEA-10 ISO-00 EB-08 COME-00 TRSE-00 OMB-01
AID-05 FRB-03 FAA-00 DOTE-00 SP-02 CIAE-00 INR-10
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FM AMEMBASSY CAIRO
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ROME FOR RCAA

E.O. 11652: N/A
TAGS: EFIN, EAIR, BEXP, EG
SUBJECT: EXIM BANK FINANCING OF WIDE-BODIED AIRCRAFT

REF: (A) STATE 177603, (B) CAIRO 16357

1. WE NOTE THAT REF A FAILS MENTION ESCROW/TRUST FUND ARRANGEMENT, WHICH WAS REFERRED TO IN EX-IM BANK LETTER TO EGYPTAIR V.P. ZIMAITY AS AN ALTERNATIVE TO THIRD PARTY GUARANTEE IN PROVIDING ADDITIONAL SECURITY FOR BANK LOAN. AS INDICATED REF B, ZIMAITY APPARENTLY DOES NOT FAVOR THIRD PARTY GUARANTEE IDEA (A VIEW WE BELIEVE IS WIDELY SHARED AMONG GOE OFFICIALS) BUT SEEMS RELATIVELY WELL DISPOSED TOWARD ESCROW ARRANGEMENT.

2. WE HOPE THAT FAILURE TO REFER IN REF A TO THIS ALTERNATIVE APPROACH DOES NOT MEAN THAT IT WOULD NOT BE ACCEPTABLE TO EX-IM. OUR UNDERSTANDING IS THAT AN ESCROW/TRUST FUND ARRANGEMENT IS CURRENTLY IN EFFECT IN CONNECTION WITH EX-IM BANK LOAN ON MARRIOTT HOTEL PROJECT HERE. WITH RESPECT AIRCRAFT SALES, LOCAL REP OF U.S. BANK HAS

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TOLD US HE UNDERSTANDS SIMILAR ARRANGEMENT WAS WORKED OUT BY EX-IM IN CONNECTION WITH RECENT FINANCING OF AIRCRAFT FOR PAKISTAN INTERNATIONAL AIRLINES.

3. BANKER SAID HE BELIEVES THAT IF NECESSARY, ARRANGEMENT COULD BE STRUCTURED SO THAT EGYPTAIR WOULD BE REQUIRED TO MAINTAIN IN THE ESCROW ACCOUNT A SUM REPRESENTING SEVERAL

INSTALLMENT PAYMENTS. THE NUMBER OF INSTALLMENTS REQUIRED TO BE "COVERED" WOULD DEPEND ON THE DEGREE OF RISK PERCEIVED. BANKER THOUGHT ESCROW ARRANGEMENT ENTIRELY FEASIBLE AND INDICATED HE INTENDS PROPOSE THAT HIS BANK MAKE FINANCING OFFER TO EGYPTAIR ALONG THESE LINES.

3. WE WOULD APPRECIATE KNOWING EX-IM VIEWS ON ESCROW/TRUST FUND ARRANGEMENT. EILTS

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Message Attributes

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